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ABSTRACT

A coordinated approach to attain full employment in Hawaii remains a priority need in governmental policy. Manpower problems which began to mount after 1970 were compounded by fuel and material shortages in 1974. The report urges that adequate policies now be formulated to meet the problems. It recommends the adoption of a State policy which determines an optimum population and an optimum growth rate, the coordination of long-range planning for the State with participation of the public and private sector and a comprehensive approach to the use of Federal and State manpower funds to attack immediate unemployment problems. The statewide and county employment picture is discussed in detail, followed by an analysis of the situation by industry, focusing on the areas of construction, agriculture, tourism, and government. Manpower programs, funding, and recommendations are dealt with fully. An 18-page appendix offers statistical sources, program summaries, recommendations, and a review of major activities. (MW)

ED 092803

ANNUAL MANPOWER REPORT

WITH RECOMMENDATIONS

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Commission on Manpower and Full Employment
State of Hawaii

January 1974

OFFICE OF THE GOVERNOR
STATE COMMISSION ON MANPOWER AND FULL EMPLOYMENT
STATE ADVISORY COUNCIL ON VOCATIONAL AND TECHNICAL EDUCATION

John A. Burns
Governor

James J. M. Misajon
Chairman

January 16, 1974

The Honorable John A. Burns
Governor, State of Hawaii
State Capitol
Honolulu, Hawaii 96813

Dear Governor Burns:

I have the honor of submitting to you the fourth annual manpower report of the Commission on Manpower and Full Employment prepared in accordance with Chapter 202, Hawaii Revised Statutes.

The concerns raised in the preface to this report provide the framework for the recommendations which follow. The need for coordination in Statewide planning is particularly urgent. The Commission has had the opportunity to review the reports from other bodies such as the Temporary Visitor Industry Council and the Temporary Commission on Statewide Environmental Planning and finds a common theme in these and other reports coming before the Legislature in 1974 - that policies regarding economic development, manpower, tourism growth, Statewide transportation, population, land-use, housing, open-space and the preservation of the environment all are interrelated and require a broader coordination at all levels - public and private. We wish to reenforce this message to the State's policy makers.

Another need is readily apparent to this Commission. Planning is meaningless without a set of priorities. We stated in our annual manpower report submitted to the 1973 Legislature that State policy concerning an optimum population and optimum growth rate must be determined first, in order that successful planning be initiated in other areas. Despite this, there is still no concerted State effort to study the question of optimum population. There is still no Commission established, although one is authorized by law.

We urge again that the determination of an optimum population and growth rate be a priority for planning. Until this framework is established, planning in this State will continue to be addressed to very specific spheres of interest - manpower, housing, tourism, environment - with no prospect of coordination in line with a common set of goals.

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How we meet this challenge requires the action of our State government. Until that action is taken, our recommendations, and those of all advisory bodies, can only have limited impact.

Best wishes and blessings always.

Cordially,

James O. M. Misajon
Chairman

Preface

FULL EMPLOYMENT - THE ATTAINABLE OBJECTIVE

We are rapidly approaching the midpoint of this decade, yet a coordinated approach to attain full employment in Hawaii remains a priority need in governmental policy.

Full employment, in its broadest terms, means jobs at acceptable wages for anyone who is able to work and seeks employment. From the outset, this Commission has avoided representing full employment by percentages. This position was adopted in recognition that our policy makers - the legislators and State government administrators - need more than numbers to cope with the problems of manpower.

It was most evident to us in the 1960's, when Hawaii enjoyed a relatively tight labor market, that the low unemployment rate did not tell the whole story. Groups within the labor force, specifically ethnic minorities, youth, and the economically disadvantaged, consistently had unemployment rates well above the average. That pockets of poverty and the numbers of hard-core unemployed could persist at a time when the State seemed to be enjoying unprecedented prosperity made it readily apparent to the Commission that percentages were, at best, only one measure of full employment.

In the 1960's, both the Federal and State governments, responding to the needs of the disadvantaged and the unemployed, initiated numerous innovative and experimental manpower programs, the effects of which we are now only beginning to assess. The probable impact of these programs has been good, but time and events have not afforded us the luxury to sit back, pause, review, and deliberate.

The manpower problems which began to mount in Hawaii after 1970 were to a considerable extent beyond our control: military shifts, shipping strikes originating elsewhere, a national recession, and changing monetary policies. But their overall effect has contributed to continuing high unemployment which must be the concern of every policy maker in this State. In 1974, the problem of fuel and related material shortages threatens to increase Hawaii's unemployment even more.

In this report, the Commission confirms these concerns which were expressed in the past and urges that adequate policies now be formulated to meet the problems.

- The State's economic growth may not be generating enough employment to accommodate the natural growth of Hawaii's permanent residents.

- In-migration from other states and foreign countries will continue to affect the employment picture in Hawaii, increasing the competition not only for jobs but increasing the demands for housing, education, social and health services.

- Policies for economic development will need to respond to the increasing public demand that the social impact, as well as the environmental impact, of new growth be considered before decisions are made which affect Hawaii's industries and employment.

The State's response will not be easy. Only when policy makers recognize the need to plan will meaningful actions take place. The Commission reiterates its major recommendation of a year ago and urges:

- The adoption of a State policy which determines an optimum population and an optimum growth rate.

The Commission further urges that the following steps be taken to facilitate planning:

- The coordination of long-range planning for the State with both public and private sector participation and representation.

- A comprehensive approach to the use of federal and State manpower funds to attack the immediate problems of the unemployed in Hawaii.

The attainment of full employment is not the task of any one department or agency but cuts across a number of jurisdictional areas. It is everyone's task. If we are to make headway in the remainder of this decade - the time to begin is now.

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Economic Picture In Hawaii

It is important that the expansion of the State's economy be able to provide enough employment to accommodate the natural growth of Hawaii's permanent residents. The implications are serious since a satisfactory level of employment can only be attained when the economy is healthy and developing at a sufficient rate to provide jobs. Successful manpower planning must be based on sound economic data and involves the coordination of training and job placement and programs with shifts and readjustments in the economy to ensure that the available manpower will have the skills to meet the needs of the State's businesses, industries, and government sector.

To provide the reader with some economic background, brief highlight statements regarding Hawaii's economy at mid-1973 are presented in this section. The information summarizes data prepared by both public and private sectors in the State. Sources of the data may be found in Appendix A.

➤ The recovery of Hawaii's economy was shown in the 17.8 percent increase in the State's general excise and use tax base for the first half of 1973 compared to the first half of 1972.

- Hawaii's gross State product increased by 8.0 percent during 1972, a little ahead of the 6.4 percent gain recorded for 1971. Both years' growth rates were slightly behind the nation's rates of 8.8 percent and 6.9 percent.

- Hawaii's economic growth accelerated somewhat in the second half of 1972, continuing into the first half of 1973. For example, estimated total personal income was approximately ten percent above the previous year's level in the last quarter of 1972 and the first two quarters of 1973, compared to eight percent increase during calendar year 1972.

- Taking Hawaii's rapidly growing population into consideration, per capita personal income gained only 5.4 percent in 1972 compared to 7.7 percent nationwide. Since the consumer price index registered equal increases of 3.3 percent in both Honolulu's and national prices during the year, Hawaii's consumers slipped back in purchasing power relative to others of the nation's consumers.

- Lessened earnings from construction, manufacturing and agriculture accounted for much of the depressed condition in the State in 1971 and early 1972. Recovery of earnings has been led by rapid growth in the visitor industry and a substantial comeback in construction activity. Earnings were also high for real estate.

- The number of visitors staying overnight or longer in Hawaii was 425,433 or 23.4 percent greater in 1972 than in 1971 (1971 increase over 1970 had been only 1.1 percent). The total in the first six months of 1973 was 19 percent above those months in 1972.

- The increase in visitors, with a slowdown in hotel building, brought Waikiki occupancy rates back up to 70 percent for 1972 (after a low of 59 percent in 1971). A growing proportion of visitors were in organized tour groups (27.2 percent of westbound arrivals in 1971, 41.3 percent in 1972, estimated to be nearly 50 percent in 1973). Average room rates have dropped as a result: $25.74 in 1970; $24.28 in 1971; $21.83 in 1972.

- The value of construction completed dropped off 11 percent in 1971 from its all-time high in 1970; 1972 completion value totalled 2.5 percent more than 1971. The level in the first half of 1973 has been about 20 percent more than in early 1972. Although the rate of increase is not expected to continue throughout the year, the dollar value is expected to set a new record high. Inflation increased prices by more than six percent during 1972; in constant dollars, 1972 value was below 1971's.

- The value of construction authorizations for 1972 was 23.5 percent above 1971's. Changes in value of new starts varied among components: government projects increased most (+82.6 percent); value of private residential authorizations increased by 35.4 percent; commercial and industrial starts were down by -15.1 percent.

- The number of Japanese owned firms licensed to do business in Hawaii and the amount of capital invested grew rapidly from 1971 to mid-1973, after a decade of relatively slow growth. A majority of the businesses which were established between 1970 and mid-1973 were in rapid-growth areas connected with real estate and the visitor industry.

ANALYSIS

Although Hawaii's economic growth quickened in late 1972 and in 1973, several measures of economic activity in Hawaii showed slower growth than the nation's in 1971 and 1972. Instances when Hawaii's growth did not keep up included its 1972 increase in gross State product of 8.0 percent and its 5.4 percent gain in per capita personal income.

The 1972 "Index of Business Activity" for the State, however, showed a 9.7 percent increase over 1971's. Consolidations and applications of new technology have improved productivity in a number of fields. In addition, several Hawaiian companies have expanded through Mainland and foreign acquisitions. These trends may indicate that Hawaiian companies are becoming less dependent on conditions within the State for their profits and they may have influenced its slowness of growth of employment, little over two percent per year in both 1971 and 1972.

LOOKING AHEAD

Since Hawaii's 1972-1973 growth in earnings occurred largely because of increases in the visitor industry and construction, the fuel shortage poses a crucial problem to the economy. The federal fuel allocation program for middle distillate fuels includes the needs of neither industry in priority uses which are to receive shares of fuel before any fuel is made available for non-priority activities. Downturns in the two industries inevitably reflect in lowered earnings in the service, trade and commercial establishments which finance, supply, service and house their activities and employees.

Even with the shortages, some predict that Hawaii's visitor industry will improve because gas shortages will keep Mainland vacationers from alternative long automobile trips, and rates of money exchange will cut down their foreign travel. Others expect that recession and shortages will dissuade many people from travelling. Similar uncertainties and differences of opinion have been expressed regarding construction in Hawaii.

In addition, Hawaii shares with other states the prospect of shortages of construction and other materials, changes in international money values and trade balances, and controls on the economy which also introduce major uncertainities as to the course of the economy in 1974. There is a wider than usual range in the forecasts for the nation's economy. There is agreement, however, that 1974's economy will be slower than 1973's; nobody is forecasting an increase in the economy's growth rate.

Because Hawaii imports about 80 percent of all physical commodities purchased by residents, and because of its distance from sources of supply, it seems likely that the disruption of Hawaii's economy by the shortages will be relatively severe. We expect that, with the most favorable foreseeable circumstances, there will be some employment cutbacks and temporary work stoppages because of shortages of materials and fuel.

Employment Picture In Hawaii

Continuing high unemployment in Hawaii in 1973, Statewide and in each county, has been the major subject of concern of the Commission. In our 1973 report, the Commission emphasized the changes and characteristics of Hawaii's workers and concentrated on problems of particular target groups. In our 1974 report, unemployment is analyzed geographically by county. The dimensions of the problem in each area call for effective manpower planning if conditions are to be improved.

The Statewide employment picture and county summaries which are presented in this section represent highlights from reports and studies by a number of governmental and private sources. However, the basic current employment and unemployment data are nine-month averages of revised preliminary totals for January to September 1973 from the State Department of Labor and Industrial Relations. Comparable data for later months were not available at the time of writing, and the inclusion of preliminary estimates for October did not change the averages appreciably.

The descriptive sections are followed by a statement on prevailing tendencies and some implications for manpower policy. Note sources of additional interpretative data in Appendix A. Readers are cautioned that some of the future increase in Hawaii's unemployment rates will be due to a computational change beginning in January 1974 which will be instituted nationally.

Statewide

- The State's 1973 unemployment rate of 5.6 percent was down from the 1972 rate of 6.0 percent.
  - More than 21,100 people sought work monthly in 1973, 1,200 fewer (-5.4 percent) than 1972's average unemployment.
  - Hawaii's monthly rates were close to national rates for February, March and April; but they were from 0.4 to 1.3 percentage points above national rates for January and May through September.
  - It is estimated that the current rate of unemployment will mean that 71,000 different individuals will be unemployed in Hawaii during a year.
  - The number who received some unemployment insurance in the survey week of each month averaged 10,480 in 1973, 610 less than in 1972.

- Average employment (358,980) was 2.0 percent higher in the first nine months of 1973 than in the same months of 1972.
  - At the same time, the average civilian labor force increased by 1.7 percent. (The monthly increase in the labor force was 450 less than the increase in jobs.)
  - Average employment in contract construction was 1,720 (+7.4 percent) ahead of 1972's.
  - Additions to the hotel work force averaged 1,170 (+6.6 percent) over employment in hotels in the same period of 1972.
  - Losses in other sectors of employment cancelled a major proportion of the gains: pineapple field work, -430 (-13.5 percent); non-durable manufacturing, -760 (-3.6 percent); and government jobs, -1,110 (-1.4 percent).
  - Much of the federal government's civilian employment decrease of 900 (-2.8 percent) was associated with early retirement incentives at the end of the fiscal year.

- The summer unemployment rate of 5.9 percent was only one-tenth of a percentage point below the summer rate in 1972.
  - Structural workers, who were 20.6 percent of unemployment insurance recipients in survey weeks of August 1970 and 1971, constituted only 13.3 percent in August 1973. Clerical workers (22.6 percent) and service workers excluding domestics (14.9 percent) were the largest groups this August.

- Summer 1973 employment (367,420) was 12,780 more than in the first five months of 1973, but the gain was 3,770 less than in summer 1972.

- Summer 1973 employment was 1.2 percent above summer employment in 1972, barely ahead of the labor force increase of 1.1 percent.

ANALYSIS

The favorable gain in employment in early months of 1973 compared to 1972 appears to have been due to abnormally low employment growth early in 1972 rather than to a growth trend. Productivity increases and consolidations of industries, as well as transfer abroad of activities, have decreased the number of employees needed in several sectors.

The average labor force increase of 1.7 percent during the year was slow compared to the 2.7 percent per year which occurred between 1960 and 1970. The seasonal upsurge of summer employment in the recent past provided many jobs for youth in pineapple, hotels or government. High unemployment in each county in summer 1973 reflected the scarcity of seasonal jobs in those sectors.

To a considerable extent, the factors which limited the increase of jobs in summer 1973 may be expected to continue. Both field and canning seasonal jobs have been cut back in the pineapple industry. The winter hotel business has improved so that fewer extra jobs are added in the summer. Temporary workers hired by the Department of Education for the school year are available for other summer work.

The reduction of federal funding for Neighborhood Youth Corps summer jobs and the late arrival of supplemental funds prevented a full program from being implemented. Should timely adequate federal funding not be available another year, the State may wish to consider using Manpower Revenue Sharing funds, if available, to provide more summer job opportunities for youth.

LOOKING AHEAD

Adverse economic conditions which are expected in 1974 (see page 3) will limit the number of job openings in Hawaii in the coming months. Almost certainly the gap between the total in the labor force and total employment will remain wide during the year, with consequent average unemployment no less than six percent. The rate may temporarily rise to higher levels given any

combination of the least favorable conditions: extensive work stoppages due to shortages of materials or fuel, business closings, prolonged strikes involving large groups of workers, or such relatively high unemployment on the Mainland that in-migration to Hawaii exceeds out-migration.

More probably, relatively high rates of unemployment in the State and the lack of job openings will deter people who presently are not in Hawaii's labor force from seeking work in the State. The increase in the average labor force during the calendar year may amount to no more than one percent. Many of the most able people who are jobless or in unsatisfactory employment in Hawaii will find jobs elsewhere. The shortage of available employment will make it much more difficult to place job seekers who are handicapped, young, low skilled, or lacking in work experience. Neighbor Island unemployment rates, especially in those areas where plantations have recently cut back production or made major gains in productivity, will continue to be above average. In addition, there will be a scarcity of summer work for youth who seek temporary employment unless more government funds for placements on public projects become available.

Honolulu

- The 1973 unemployment rate of 5.3 percent for the City and County of Honolulu was down from the 1972 rate of 5.9 percent.
  - Nearly 16,330 people sought work monthly in 1973, 1,450 less (-8.2 percent) than 1972's average unemployment.
  - Honolulu's unemployment situation was more improved than in Neighbor Island Counties in 1973. The unemployment rate was the only county rate under six percent.

- Average employment (290,620) was 1.6 percent higher in the first nine months of 1973 than in the same months of 1972.
  - At the same time, the average civilian labor force increased by 1.3 percent. (The monthly increase in the labor force was 850 less than the increase in jobs.)
  - There was little sustained growth in employment during the year, however, and September's total was only 1,200 higher than January's (two-fifths of one percent).
  - Average employment in contract construction was 1,560 (+7.9 percent) ahead of 1972's. (The gain was 85 percent of that for construction in the entire State.)
  - Additions to the hotel work force averaged 820 (+6.8 percent). They amounted to 70 percent of the State increase.
  - Among sectors showing large employment decreases from last year were: non-durable manufacturing, 820 (-5.8 percent); pineapple field work, 220 (-19.2 percent); and government, 960 (-1.4 percent).
  - Within the government decrease on Oahu, County employment was proportionately farthest behind the 1972 level (-340 or -3.8 percent). Federal civilian employment showed the largest numerical loss (-930 or -2.9 percent). Although State government averaged 1.1 percent ahead of 1972, it was level with 1972 for summer months and 720 below for September.

- The summer unemployment rate of 5.7 percent was three-tenths of a percentage point below 1972's, less improved than earlier months.
  - Summer 1973 employment (296,320) was 8,330 more than in the first five months of 1973, but the gain was 3,220 less than in summer 1972.

- Summer employment was 2,620 above 1972's (+0.9 percent) compared to a labor force increase of 0.6 percent.

ANALYSIS

Although Honolulu's gain in average employment above the preceding year's outdistanced the increase in the labor force and caused a small decrease in unemployment, the picture is not rosy. The added jobs would not have been enough to keep up except for the very slow growth of the labor force. It grew less than in any year in more than a decade and proportionately less than those of the Neighbor Island Counties. The unemployment rate decreased each month through May, but rates for June through September were as high as January's or higher.

Hawaii

- The 1973 unemployment rate of 6.5 percent for Hawaii County was up from the 1972 rate of 6.0 percent.
  - Nearly 2,220 people sought work monthly in 1973, 270 more (+13.9 percent) than 1972's average unemployment.
  - Only in April and May was the unemployment rate below six percent.

- Average employment (31,800) was 4.5 percent higher in the first nine months of 1973 than in the same months of 1972, the largest relative gain of any county's in the State.
  - Even so, jobs grew less rapidly than did the labor force. The average labor force in the first nine months of 1973 was 1,710 higher (+5.3 percent) than in 1972.
  - Although much of the land in the county is devoted to agriculture, the trades were the largest sector of employment. The 5,780 average employment of trade establishments constituted 18.2 percent of the total in 1973, and had increased 290 (+5.2 percent) from the 1972 average.
  - If agricultural self-employed workers are combined with wage and salaried employees, they constitute the next largest sector (17.6 percent of 1973 employment). There were 13.9 percent more (+410) wage workers in agricultural industries in 1973 than in 1972. Self-employed agricultural workers increased much less (+2.3 percent).
  - Service industries followed behind trade and agriculture with 15.3 percent of 1973 employment, more than half of it in the hotel industry. Employment in the service sector was 8.7 percent higher (+390) than in 1972.
  - Government workers were the fourth largest employment group in the county. The overall average decreased by 40 (-0.9 percent) from 1972. State employment was reduced by 130 (-4.3 percent); the county and small federal work forces showed gains.

- The summer unemployment rate of 7.2 percent was seven-tenths of a percentage point above 1972's.
  - Summer 1973 employment (32,310) was 910 more than in the first five months of 1973, a gain of 350 more than in summer 1972.

- Even though 1973 summer employment was 5.1 percent above 1972's (+1,580), the greater increase in the labor force (+1,880) pushed unemployment upwards.

ANALYSIS

The increase of the unemployment rate from 6.0 percent in 1972 to 6.5 percent in 1973 was largely due to the rapid rise in the labor force. Growth in employment was proportionately well over that of the State or any other county. The only employment sub-sectors which decreased from the preceding year's were wholesale trade and State government.

Maui

- The 1973 unemployment rate of 6.8 percent for Maui County was down from the 1972 rate of 7.3 percent, but remained the highest in the State.
  - About 1,680 people sought work monthly in 1973, 70 fewer (-4.2 percent) than 1972's average unemployment.
  - Each month's rate was six percent or more.

- Average employment (22,790) was 2.9 percent higher in the first nine months of 1973 than in the same months of 1972.
  - Maui island's good employment gain of 4.2 percent was partially offset by a loss of 11.5 percent for Molokai and Lanai.
  - The labor force increased by 2.4 percent county-wide. (The +570 total was the sum of +730 for Maui island and -160 for Molokai and Lanai.)
  - Agricultural salaried and self-employed workers constituted the largest employment sector in the county (18.4 percent of total employment). Salaried farm workers decreased by 170 (-4.5 percent) from the 1972 average: sugar employment increased by 1.9 percent, but pineapple decreased by 9.0 percent. Self-employed agricultural workers numbered 2.7 percent less than in 1972.
  - Trade was the next largest sector, with 17.1 percent of employment. The sector gained 11.3 percent from its 1972 level in the county, three times as much as the Statewide gain.
  - Services provided 17.0 percent of the county's jobs in 1973. The sector gained 180 workers (+4.8 percent) from 1972. More than half were hotel employees whose numbers increased by 6.2 percent from the preceding year's.
  - Government, with the fourth largest work force in the county (13.6 percent of employment), averaged the same in 1973 as in 1972. Small numerical gains of local and federal governments were countered by a State loss.
  - The finance, insurance and real estate sector, as well as transportation, communication and utilities had increases in employment amounting to more than ten percent over the preceding year's. Contract construction was 5.8 percent ahead; non-durable manufacturing fell behind.

- The summer unemployment rate of 6.3 percent was four-tenths of a percentage point above 1972's.

  - Summer 1973 employment (24,680) was 2,980 more (+13.7 percent) than in the first five months of 1973, but the gain was 710 less than in summer 1972.

  - An increase of 140 (+0.6 percent) in summer employment in 1973 over 1972's did not keep up with the labor force increase of 710 (+2.7 percent).

ANALYSIS

Although employment growth was very good in several sectors on the island of Maui, the cutbacks in the pineapple industry offset some of the growth. Since farm work in the pineapple industry represented about 60 percent of employment on Molokai and Lanai, they were much harder hit. The decline of the labor force on the latter islands stemmed more from the lower numbers in the summer months than from reductions throughout the year. However, their unemployment rates were very high in the winter months.

Kauai

- The 1973 unemployment rate of 6.3 percent for Kauai County was up from the 1972 rate of 6.2 percent.
  - Nearly 930 people sought work monthly in 1973, 40 more (+4.2 percent) than 1972's average unemployment.
  - The unemployment rate was six percent or more each month except April.

- Average employment (13,790) was 1.8 percent higher in the first nine months of 1973 than in the same months of 1972.
  - The labor force increased by 2.0 percent, however.
  - Service industries were the major sector with 19.7 percent (2,710) of Kauai's employment during 1973. Hotel employment provided slightly under half of service jobs. Employment in services increased by 65 (+2.5 percent) from the previous year's, even though hotel employment showed a loss.
  - Government was the next largest employer with 16.1 percent of total employment. Government employment decreased by 2.5 percent from last year's; State and county losses totalled nearly 100, but federal government employment increased slightly.
  - Trade, third largest, employed three percent more workers than in 1972.
  - Agricultural salaried and self-employed workers constituted 15.2 percent of employment. The increase of 95 self-employed was nearly three times the decrease in wage workers.
  - Other smaller sectors had mixed movements: construction was up; manufacturing was down; transportation, communications and utilities increased. No gain or loss amounted to as much as 100 employees difference from 1972's.

- The summer unemployment rate of 6.4 percent was four-tenths of a percentage point above 1972's.
  - Summer 1973 employment (14,150) was 610 more (+4.5 percent) than in the first five months of 1973, but the gain was 130 less than in summer 1972.
  - An increase of 140 (+1.0 percent) in summer 1973 employment over 1972's did not keep up with the labor force increase of 220 (+1.5 percent).

ANALYSIS

Decreases in non-durable manufacturing, government, hotel and agricultural wage employment were little more than balanced by small gains in other sectors. Even with a relatively moderate increase in the labor force, employment did not keep up. Unemployment remained high the entire year.

Employment Picture By Industry

Major changes in Hawaii's employment have resulted from changes in relatively few industries. Four sectors which have provided employment to sizeable numbers of Hawaii's people have experienced major readjustments in the past three years. Construction, agriculture, visitor industry and government employment have been chosen for analysis in this section because of their changes and their importance in generating secondary employment and income in other sectors.

Highlights from current statistical reports are followed by descriptions of each of the employment groups in 1970, the year for which the U.S. census provides age, sex and income data which are not available on a current basis. The highlights and descriptions are summarized and interpreted as to their implications for manpower planning. Each concludes with expected developments by county. Please note the sources of all data which are listed in Appendix A.

Construction

- Average employment in the first nine months of 1973 was 7.4 percent higher (+1,720) than in comparable months of 1972.
  - Consecutive increases to employment in the first seven months of 1973 levelled off at 25,800 workers, the highest total since August 1970.
  - Unemployment remained relatively high in the third quarter of 1973. Construction workers, who represent 7.1 percent of total employment, averaged 15.1 percent of the State's unemployment insurance recipients in the surveyed week during the quarter.
  - The average number (1,530) who received U.I. in the third quarter was one-fourth less than in 1972; but it was almost four times higher than 1969.

- Characteristics of workers in 1970.
  - Males were 93.6 percent of Hawaii's construction work force in 1970 (94.2 percent in the entire U.S.)
  - Their average (median) salary was 18.8 percent above the average for all men who worked in the State.
  - Slightly fewer construction workmen (77.2 percent) than of all employed men (79.1 percent) worked the entire preceding year, a boom period in construction.
  - Three-fifths of men in construction work were craftsmen (a higher proportion than in other industries in Hawaii).
  - Most of the women's work force were clerical employees (72.4 percent). In the preceding year, 62.5 percent had worked from 50 to 52 weeks. Their earnings, although only 56.0 percent of men's in the industry, were above average for women workers in the State.

ANALYSIS

The rapid upswing of construction employment during the year has come from high levels of public and private residential construction. Commercial and industrial construction were low in the first half of the year, but value of authorizations in the third quarter was 54 percent ahead of 1972. The work in process and the value of authorizations

for new projects would indicate continuation or growth of present high employment, except that shortages of reinforcing steel, fuel and other materials may cause temporary work interruptions in the near future.

The irregularity of construction work is a major barrier to full-employment from year to year. Coordinated planning is greatly needed because of the large proportion of craftsmen required for the work force. It takes several years for journeyman skills to develop. During slow years, apprentices have long spells of unemployment and have difficulty in gaining enough experience to develop higher skills. In peak years, journeymen are recruited from outside the State.

LOOKING AHEAD

Honolulu County: Although there will continue to be wide fluctuations in the work force, an average rise of 3.0 percent per year is expected over a five year period since demand has largely caught up with the overbuilt supply of hotels, condominiums and commercial buildings.

Hawaii County: Since construction employment has built up rapidly for three years, a plateau is expected for a year or two, after which employment should increase to bring the five year gain in 1978 to 4.0 percent per year.

Maui County: After the recent sustained rapid gains in construction employment, a slower growth averaging 4.0 percent per year is expected to ensue.

Kauai County: Although past their 1970-71 slump, employment in the industry is expected to grow slowly, approximately 1.0 percent per year to 1978.

Agriculture

- The average number of agricultural wage and self-employed workers in the first nine months of 1973 was 0.4 percent higher (+70) than in comparable months of 1972.
  - The 1973 average work force of 15,830 consisted of 11,240 wage employees and 4,590 self-employed workers, together comprising 4.4 percent of the State's total employment.
  - The 2.3 percent increase (+105) in self-employed workers for 1973 over 1972 was partially offset by the small loss in wage jobs (-50 or 0.4 percent).
  - During 1973 the number of workers in the sugar industry averaged well ahead of 1972's (+450 or 8.2 percent).
  - Pineapple field work averaged 430 below the preceding year's (-13.5 percent) and other diversified agricultural wage jobs decreased by 80 (-2.9 percent).
  - An average of 580 workers in farming, forestry and fisheries industries received unemployment insurance in the survey week of the first nine months in 1973 (an increase of 8.8 percent from comparable months in 1972).
  - There was a scarcity of sugar farmhands throughout the year and of fruit farmhands in some months in Hawaii County. There were seasonal scarcities of fruit workers in each of the other counties and of sugar workers in Maui County; although they were in surplus in other months.

- Characteristics of workers in 1970.
  - Farm workers constituted 70.2 percent of employees in agriculture, forestry and fisheries in 1970.
  - Other occupations within the industry included: craftsmen, 7.7 percent of the workers; non-farm laborers, 6.3 percent; transport equipment operatives, 5.9 percent; clerical workers, 2.4 percent.
  - Men constituted 82.3 percent of the employees in the industry.
  - The average (median) ages of male farm workers were the highest for men in any major occupational groups: farmers and managers, 51.3 years; farm foremen and laborers, 50.4 years.

- The proportion of men in the industry who had worked 50 to 52 weeks in the preceding year was the same as that for all men who worked in the State (79.1 percent).

- Average (median) earnings of men in the industry was 69.3 percent of that for men in all Hawaii's industries.

- The average age of women employed in agriculture was 47.1 years. Their average earnings was 71.7 percent of that for all employed women in the State. Slightly more than half (52.2 percent) had worked throughout the preceding year.

ANALYSIS

An overall decline in agricultural work in the past decade levelled off in 1973. Readjustments, including large cutbacks in acreage devoted to pineapple and increases in papaya and other diversified crops, caused imbalances in the work force. In most months a high demand existed for some agricultural workers in some part of the State, often coupled with a surplus in the same category or another in a different county.

The high average ages of agricultural workers are typical of industries which have decreases of employment over a period of many years. They also reflect that many of the workers are nearing retirement age. Manpower needs include the training of replacements for the technical jobs in a highly mechanized industry as well as retraining the dislocated workers who need to learn to work with a different crop.

Management decisions within the large companies which operate agricultural industries have also led to large reductions in food processing employment in the State. Average employment was 1,180 lower than in 1972 (-8.8 percent). Much of the reduction was in temporary seasonal work; however, the number of recipients of unemployment insurance from food and kindred product manufacturing averaged 9.0 percent higher in 1973 than in 1972.

LOOKING AHEAD

Honolulu County: The persistent decline in employment is expected to continue. For wage employment in the next five years, sugar is expected to decrease by 2.0 percent per year; pineapple by about 4.0 percent annually, mostly in peak season employment; other employment to increase by 1.0 percent per year. Self employment may decline as much as 3.0 percent per year.

Hawaii County: Agriculture is expected to continue at about the same total. Declines in sugar field employment should be offset by jobs in diversified agriculture.

Maui County: Pineapple may lose as much as 5.0 percent per year in the coming years. Sugar field employment, with efficiency increases, is expected to lose about 3.0 percent per year. Salaried workers in other agriculture will increase by small numbers, but there will be declines in the number of the self-employed.

Kauai County: Moderate decreases of up to two percent per year are expected in sugar field work. Other agriculture may grow about one percent per year.

Visitor Industry

- Average hotel employment in the first nine months of 1973 was 6.6 percent higher (+1,170) than in comparable months of 1972.
  - Much of the increase in average hotel employment resulted from increases during 1972 and early 1973. January 1973 employment was 10.3 percent ahead of January 1972; September was only 4.1 percent more than September 1972, 3.5 percent higher than January 1973.
  - Hotel employment averaged 5.3 percent of total jobs in the State in the first nine months of 1973.
  - In each county except Kauai, average hotel employment was six percent or more above that in 1972.
  - Statewide employment in retail trade, which is also influenced by visitor expenditures, increased by an average of 3.8 percent over 1972's.
  - About one-fourth of retail trade jobs are in eating and drinking places, many of which depend heavily upon tourists. Sales volumes of many other retail establishments reflect visitor expenditures to a lesser extent.

- Characteristics of workers in 1970.
  - Women workers comprised 57.3 percent of employees in hotels and lodging places, 68.9 percent in eating and drinking places.
  - The average (median) age of women hotel workers was 38.2 years, a year and a half older than average for all women workers; median age of women working in eating and drinking places was 36.2 years.
  - The median earnings of women who worked year-round in hotels was 88 percent of that for all women; in eating and drinking places, 73.7 percent. (Excluded tips may make up a large part of the differences.)
  - The average (median) age of men workers in both hotels and eating and drinking places was about 33 years, among the lowest for any industries in the State and seven years under the average for all employed men.

- The median earnings of men who worked year round in hotels was 72.6 percent of that for all men who had worked the entire preceding year in the State; for men who worked in eating and drinking places, 73.5 percent.

- About three-fifths of hotel employees (61.7 percent) and four-fifths of employees in eating and drinking places (79.9 percent) were service workers.

ANALYSIS

The increase in the number of visitors staying overnight or longer in Hawaii has added jobs in many industries in the State. The estimated daily average number of visitors present in 1972 was 50,344, 6.2 percent of the total resident population. The number of visitors in the first half of 1973 was 20.9 percent above that in the first half of 1972. Jobs connected with the visitor industry are expected to provide much of the new employment in the State in the near future. Statistical reporting systems do not supply specific data on either the financial or employment effects by industry.

Employment in hotels is so largely associated with the visitor industry that it shows much of the overall growth or decline. Hotel employment has been related to both the number of hotel rooms and the number of visitors. The 6.6 percent increase in hotel employment in the first nine months of 1973 over 1972's was associated with the much larger increase in visitors; the number of hotel rooms increased very little.

In view of the age and sex characteristics of workers in the hotel and restaurant industries and their major share in serving visitors, it does not seem realistic to expect that the visitor industry can directly provide employment to all agricultural workmen who may become reductions in force. In view of past increases, however, the visitor industry may be expected to provide employment for a significant proportion of women and young men. Employment counseling and retraining will be needed to assist individual workers to make smooth transitions between jobs.

LOOKING AHEAD

Honolulu County: Employment in hotels may make moderate gains of about 4.0 percent per year for another year or two, after which growth is expected to accelerate to 8.0 percent.

Hawaii County: Expansion of hotel employment by about 8.2 percent per annum is foreseen.

Maui County: Hotel employment is expected to increase even more rapidly than in the recent past, adding 13.4 percent per year. The new expansion is expected to occur on Molokai and Lanai as well as on Maui Island.

Kauai County: Hotel employment may gain about 4.0 percent per year.

Government

- Average employment in the first nine months of 1973 was 1.4 percent lower (-1,110) than in comparable months of 1972.
  - Average 1973 government civilian employment (78,190) represented 21.8 percent of all civilian jobs in the State.
  - Federal civilian employment decreased most from 1972, both numerically and proportionally (-900 or -2.8 percent). It has decreased for five years; 1973 employment was 3,000 less than that for 1968.
  - County government employment also averaged below 1972 (-280 or -2.4 percent). Summer 1973 employment was three percent below that of summer 1972. Less funds for summer youth jobs were available.
  - State government employment averaged 80 more than the previous year's (+0.2 percent). Summer employment in 1973 was 110 below summer 1972 (-0.3 percent) and was 1,240 under that for school months (-3.5 percent). September 1973 totalled 1,890 less than September 1973 (-5.7 percent).

- Characteristics of workers in 1970.
  - Men constituted 58.7 percent of government workers in the State in 1970: 70.2 percent of federal employees, 74.1 percent of county workers, but only 40.4 percent of State workers among whom large numbers of teachers as well as clerical workers were women.
  - Occupations of the largest groups of government workers were: professional and technical, 32.7 percent; clerical and kindred, 24.6 percent; service workers, 13.5 percent; craftsmen, 12.4 percent.
  - Having larger than average proportions in occupations were: federal -- clerical workers and craftsmen; State -- professional workers, three-fifths of whom were teachers; counties -- protective service workers, largely firemen and policemen.
  - By industry, 46.1 percent of government workers were classed in public administration: 69.2 percent of federal workers, 53.5 percent of county personnel and 18.1 percent of State employees. (Three-fourths of State workers were in education, health, welfare or other professional services.)

- More men in public administration had worked the entire preceding year than in any other major industry in the State (89.2 percent). Their average (median) earnings was 16 percent above that for all male workers; but it was below those for men in finance, insurance and real estate, manufacturing of durable goods and construction.

- A high proportion of women in public administration also had worked year-round (76.5 percent). Their median earnings, although only 67.5 percent of men's in the field, was 49.7 percent above the overall women's average and was the highest of any major industry's.

- The average (median) ages of men and women in public administration were about two and a half years older than medians for all workers of their sex.

ANALYSIS

The decrease in government employment in Hawaii reflects the year's emphasis on balancing the budget at all three government levels concurrently with increases in pay for employees. At the State and county level, some cutbacks were necessitated by the termination or reduction of federal funds for designated programs.

The State's needs for public services continued or increased, however: its population increased by 2.9 percent; the number of welfare recipients averaged 18.3 percent more in FY-73 than in FY-72; and unemployment levels continued to be higher than nationally. The State Administration, with a deficit, continued a freeze on hiring for most regular full-time jobs. Nevertheless, because of its collective bargaining contracts, it was required to hire a number of supplemental part-time temporary employees during the school year. The low level of June to September employment shows the effectiveness of the freeze on regular full-time year-round employment as well as the scarcity of funds for summer youth jobs in 1973. September 1973 employment was the lowest, other than the month of the teachers' strike, since October 1970.

The scarcity of government jobs contributed to the slow growth of employment and high unemployment rates in the State. Should needs for service continue to grow, consideration should be given to use of some national revenue sharing funds for public employment.

LOOKING AHEAD

Government employment will probably remain relatively stable in the State at each government level. However, it may be unavoidable that there will be some very small increases due to the growing population and attendant need for public services. It would be difficult to predict any increases by geographic area because fiscal austerity is the keynote of each government unit and any increases will be subject to stringent justifications.

Manpower Programs And Funding

INTRODUCTION

Manpower programs operating in the State increase employment in two ways: 1.) by reducing unemployment by qualifying individuals for unfilled job openings and 2.) by bringing certain individuals into the labor force who would be on welfare or otherwise involuntarily unemployed. To achieve these objectives an array of manpower programs, funded from a number of sources and administered by different agencies, has been established.

Federal Funding

The dependency on federal funding for manpower programs is overwhelming. Approximately 80 percent of all manpower program funds in Hawaii which are primarily of an employment training nature is provided by the federal government. This does not include Vocational Education which receives about 25 percent of its total funds from federal sources. Highlights of manpower training programs in FY 72-73 and FY 73-74 are included in this section.

In the past, federally sponsored programs derived from at least nine different federal laws administered by separate federal departments and agencies with diverse regulations. Because of the categorical nature of federal funding, different requirements were imposed for each program. To complicate matters, both the State and County governments administered different programs at different levels. A summary of program activity by county for FY 72-73 is found in Appendix B.

Comprehensive Employment and Training Act of 1973

The passage of the Comprehensive Employment and Training Act (CETA) of 1973 has immediate implications for federally funded manpower programs in Hawaii. The Act, which was signed by President Nixon on December 28, 1973, establishes a form of special manpower revenue sharing which increases State and county intitiative to plan and implement manpower training programs and related services. Under CETA, a prime sponsor government for manpower services programs will be responsible for planning and administering an integrated set of manpower service activities within an overall budget amount funded by the Secretary of Labor. The prime sponsor will be responsible for determining what kinds of manpower services to offer, what policies, guidelines, and procedures will apply to the programs providing these services, for the disbursing and accounting for all monies expended and will be directly responsible to the Secretary for overall performance as specified in the prime sponsor's approved manpower plan.

An outline of the major features of the Act is included in this section.

Program Highlights

FY 72-73

- In FY 72-73, the federal government supplied 88.6 percent ($11,911,815) and the State 6.5 percent ($873,462) of the total new* manpower training program funds ($13,444,977). The balance was supplied by "non-federal" funds which may be county, private sector, or a combination which could include State contributions together with private and/or county funds.

- Of the total $11,272,627 State and new federal funds allocated for manpower training programs in FY 72-73 (excluding $1,512,650 of Job Corps funds which are not distributed by counties), 81.5 percent ($9,186,154) was expended in Honolulu County, 8.8 percent ($993,111) in Hawaii County, 5.3 percent ($598,885) in Maui County and 4.4 percent ($494,477) in Kauai County.

- In FY 72-73, federal funds provided a major portion of the State and federal total for manpower training programs in all counties: 92.8 percent ($8,523,373) in Honolulu; 92.1 percent ($914,873) in Hawaii; 89.0 percent ($533,168) in Maui; and 86.5 percent ($427,571) in Kauai.

- Priority was given to unemployed, disadvantaged, veterans, older workers, poor, and youths.

FY 73-74

- Manpower plicy is placing heavier emphasis on getting unemployed adults and youths, especially the disadvantaged, into productive, unsubsidized jobs.

- Priority is being given to heads of households, youths (age 16-21), and older workers (age 45-64). Within these general categories, emphasis is being placed on the handicapped, public assistance recipients, school dropouts, and Vietnam-era veterans. For all groups, preference is being given to the poor, especially the disadvantaged.

- Training is being provided in institutional classroom training, work experience training, and on-the-job training.

- In line with occupational growth expectations, manpower programs in Hawaii are providing classroom training in auto mechanics, nursing, clerical, warehouse checker/cashier, and hotel services including food preparation and waiter/waitress occupations.

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* New funds do not include carryover funds.

- The U.S. Department of Labor-funded Public Employment Program and the U.S. Department of Housing and Urban Development-funded Public Service Careers Program are being phased out.

- The Work Incentive Program (WIN), which in the past has operated only in the City and County of Honolulu, is expanding its operation to the other counties of the State.

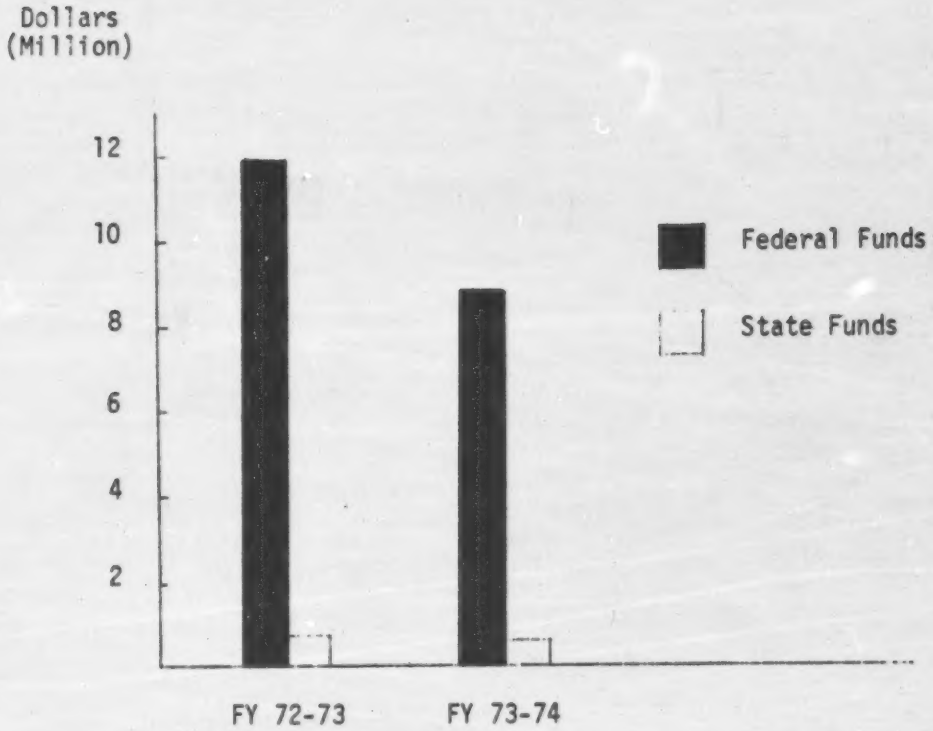
- A total of $10,065,309 new funds are expected to be obligated for manpower training programs, of which 87.6 percent ($8,816,279) will be federal, 10.4 percent ($1,047,540) State, and 2 percent ($201,490) "non-federal" funds.

- Approximately 5,700 are expected to be served by training programs.

TABLE I

FEDERAL* AND STATE FUNDS FOR MANPOWER TRAINING PROGRAMS

FY 72-73 and FY 73-74



* New funds; does not include carryover funds. The totals do not include Vocational Education funds offered by public educational institutions. See Table II for vocational fundings.

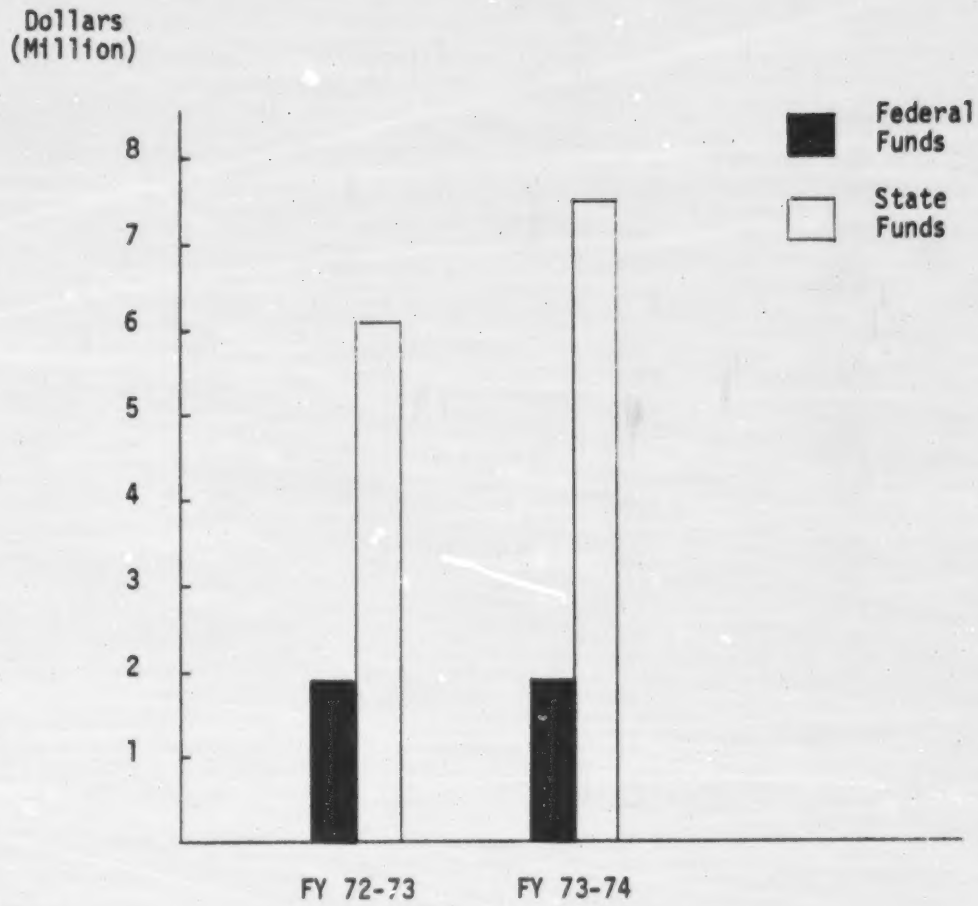
- Training programs included in the tabulation are: MDTA (Regular and RAR); Job Opportunities in the Business Sector; Jobs Optional Program (Regular and RAR): NYC-Out School; Operation Mainstream; Work Incentive Program; Concentrated Employment Program; Job Corps; Public Employment Program; NYC-In School; State Dropout-Work Study Component; NYC-Summer; and Vocational Rehabilitation. Funding information for the State Apprenticeship Training Program, whose major cost is underwritten by the private sector, was not available and therefore not included.

- Some program funds are not used exclusively for training, but may also provide for manpower services, employment, and/or other support services.

TABLE II

VOCATIONAL EDUCATION FUNDS*

FY 72-73 and FY 73-74



* Estimates of total funds to be expended for secondary and post-secondary Vocational Education programs in public high schools and Community Colleges. There has been a restriction on expansion of secondary level restructured Vocational Education since 1971.

OUTLINE OF KEY FEATURES OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973

ISSUE/FEATURE	COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973, P.L. 93-203	STAFF COMMENTS
Decategorization of Manpower Activities	Title I - provides short, but broad, listing of authorized optional activities, including: • transitional PSE; • national programs placed primarily under federal responsibility aimed at special target groups, e.g., Indians, migrant workers and youth.	The new law implements a form of special revenue sharing with respect to manpower training and related services, except that there is a strong federal role in ensuring compliance on the part of State and local governments in meeting the intent of Congress. The Secretary of Labor is held strictly accountable to the Congress for results and has ample authority to withhold funding, in part or in total, from a prime sponsor which does not comply with the responsibilities set forth by the Act.
Eligibility for Prime Sponsorship for Comprehensive Manpower Programs	(1) Any state; (2) any unit of general local government of 100,000 plus; (3) any combination of general local government units which includes any eligible city or county; (4) upon determination by the Secretary, and in exceptional circumstances, any unit of general local government or any combination of such units, without regard to population, which services a substantial portion of a functioning labor market or is a rural area having a high level of unemployment and has demonstrated that it has the capability for adequately carrying out programs and can carry out such programs and services as effectively as the state.	A prime sponsor government will be responsible for planning and administering an integrated set of manpower service activities within an overall budget amount, funded by the Secretary of Labor. A state may qualify to be a prime sponsor for an eligible unit of local government, if the local government does not submit an approvable manpower plan. At the present time only the City and County of Honolulu qualifies as an eligible prime sponsor under criterion (2). Unless the Secretary finds one or more of the Neighbor Island Counties to be eligible under (4), or unless a combination of such counties including Honolulu is formed under (3), there will be only two prime sponsors in Hawaii, the State on behalf of the Neighbor Island Counties, and the City and County of Honolulu. Combinations which include the state with one or more units of local government may be encouraged by the Secretary. As incentive to form combinations under (3), combining prime sponsors would be allotted additional manpower funds. Governors may submit recommendations about consortia on their own initiative.

ISSUE/FEATURE	P.L. 93-203	STAFF COMMENTS
Eligible Applicants for EEA Funds	(1) Prime sponsors qualified for comprehensive manpower programs which include areas of substantial (equal to or in excess of 6.5% for three consecutive months) unemployment; (2) Indian tribes on federal or state reservations which include areas of substantial unemployment; (3) units of general local government, or combinations of units of general local government having a population of 50,000 or more, shall function as a program agent for PEP. Title I prime sponsors shall, however, be the eligible applicants for the funds.	Title II funds are available to operate transitional public service employment programs in areas having substantial unemployment. Such high unemployment areas also must be of sufficient size and scope to sustain a public service employment program. Prime sponsors must appoint units of local government which meet the population and unemployment qualifications to be their program agents to develop, fund, oversee and monitor public employment programs within the area(s) having substantial unemployment which are under their jurisdiction.
Funding Authorization	General Authorization: "such sums as may be necessary" for FY 74 and for each of the next three fiscal years. "of these amounts, the Secretary shall reserve and make available not less than $250,000,000 for FY 74; and not less than $350,000,000 for FY 75 to carry out Title II." Additional Authorization for PSE: "there are authorized to be appropriated and made available for FY 74, FY 75, FY 76, and for the succeeding fiscal year, such sums as may be necessary to carry out Title II."	Possibly $5 or $6 million within the State of Hawaii.

ISSUE/FEATURE	P.L. 93-203	STAFF COMMENTS
Allocation of Appropriation among and within Titles of Bill	Title II - PSE: Of the amount reserved and/or appropriated, 80% is to be apportioned among the states, 20% "to be distributed by Secretary in his discretion taking into account severity of unemployment in areas". Title III - Special Federal Responsibilities and new Title IV - Job Corps: Of total appropriation, not more than 20% excluding any amount in excess of $250,000,000 of the amount made available for carrying out Title II. Title I - Comprehensive Manpower Services: What's left after above deductions, to be divided as follows: • 80% among the states, of which the Secretary is to reserve 1% for the costs incurred in staffing the State Manpower Services Councils (staff to be appointed by the Governor); • 4% to be divided among the states for state services (see Sec. 106(c)); • 5% for grants to Governors "to provide financial assistance, through state vocational education boards, for needed vocational education services in areas served by all prime sponsors"; • not more than 5% to the Secretary to encourage voluntary combinations of units of general government "after consultation with and receipt of recommendations from the Governor of the apropriate state";	The Secretary is to fund categorical programs for special target groups (youth, offenders, persons of limited English-speaking ability, older workers) and individuals of native American descent, seasonal farm workers and other special programs. Preference is to be given continued funding of programs of demonstrated effectiveness. The Secretary is also to establish a comprehensive program of research, evaluation and development in support of this Act. A prime sponsor may provide manpower services directly or subcontract them to other public or private organizations. The broadly defined activities may include: outreach; assessment of needs, referral to employment or training; provision of various types of training; payments to individuals or employers; provision of supportive services to enable individuals to become employed or to retain employment. Funding under the act is by Title. State and local prime sponsors may qualify for funding under Title I and under Title II. After allocation of 80 percent of the funds among prime sponsors, the remaining 20 percent is to be used by the Secretary largely for specified purposes (approximately three-fourths of it going to or through Governors of the states).

ISSUE/FEATURE	P.L. 93-203	STAFF COMMENTS
	Title I - Comprehensive Manpower Services: (cont'd) • balance (approximately 6%) to Secretary for discretionary use. However, "the Secretary shall first utilize such funds to provide each prime sponsor with an amount for any fiscal year equal to 90% of such areas' manpower allotment in the preceding fiscal year".	
Formulas for Allocation Among States	Title I - Factors: • 50% - prior fiscal year's manpower allotment to state; • 37½% - unemployed; • 12½% - "relative number of adults in families with an annual income below the low-income level within the state"; • a proviso that "no prime sponsor shall be allocated an amount in excess of 150% of what was received in the prior fiscal year except that if the allocation is less than 50% of the amount which the prime sponsor would receive under the formula, the allocation shall be increased to 50% of the entitlement under the formula"; • a proviso that a minimum of $2,000,000 to go to Guam, American Samoa, Virgin Islands and Trust Territory of Pacific.	So long as states meet the requirements for receiving Title I funds, they would not receive less than 90 percent nor more than 150 percent of the amount received in the fiscal year immediately preceding the one for which the determination is being made under normal circumstances.
	Title II (PSE) - Factors: Once eligibility for monies (6.5% or higher unemployment) is established, allocation is based on "number of unemployed residing in areas of substantial unemployment within the jurisdiction of the applicant compared to the number of unemployed residing in all such areas".	Once Title II monies are made available to an individual sponsor, he may use them for Title I programs or for special target group programs.

ISSUE/FEATURE	P.L. 93-203	STAFF COMMENTS
Formulas for Allocation Within States	Title I - Factors: The same factors used for allocation of Title I money among the states shall be used by the Secretary to allocate money "among areas within the state".	
Procedures and Conditions for Obtaining Funds for Comprehensive Program - Special Requirements for State Prime Sponsors	In addition to the general requirements for all prime sponsors specified in Sec. 105, the state is charged with these additional requirements in its "comprehensive" plan: • satisfactory arrangements for serving all geographical areas under its jurisdiction except areas covered by another prime sponsor; • provision for the cooperation and participation of all state agencies providing manpower and manpower-related services in the implementation of comprehensive manpower service plans prepared by all prime sponsors in a state; • an overall state plan for the development and sharing of resources and facilities needed to conduct manpower programs under its direct sponsorship without unnecessary duplication; • provision for the coordination of programs financed under the Wagner-Peyser Act; • provision for the coordination of manpower and related services to be provided by the state in areas to be served by prime sponsors other than the state; • provision for the "establishment of a mechanism" to - provide for the exchange of information between the state and local governments on state and regional economic development and educational planning;	In order for any eligible prime sponsor (state or local) to receive funding, it first must file a notice of intent to apply, submit a comprehensive manpower plan, and give specific assurances that it will operate in a responsible and democratic manner to carry out the intent of the law. The listed conditions are additional regulations which apply to state prime sponsors. With regard to the provisions of programs financed under the Wagner-Peyser Act (public employment service), states are required to follow such rules and guidelines as the Secretary determines are necessary.

ISSUE/FEATURE	P.L. 93-203	STAFF COMMENTS
	- promote coordination of all manpower plans in a state so as to eliminate conflict, duplication and overlapping; • "set forth arrangements, if any, which the State may desire to provide for planning areas to serve geographical regions within the state."	
Planning/Advisory Councils	Each prime sponsor (including Governor for "balance of state") shall establish an advisory planning council. Members appointed by the prime sponsor shall be representatives of client community, employment service, education and training agencies, business, labor, and "where appropriate, agriculture". The prime sponsor shald designate the chairman and provide professional staff to serve the Council. In addition, any state which desires to be designated as a prime sponsor shall establish a Manpower Services Council which shall: • be appointed by the Governor, provided however, that representatives of local prime sponsors shall comprise at least one-third of the members; • have a chairman designated by the Governor; • have the remainder to consist of: (1) one representative each of the State Board for Vocational Education and public employment service; (2) one representative of each such other State agency having a direct interest in overall manpower training; (3) general representation from organized labor, business and industry, client community, and the general public.	Either as a precondition (for states), or as a consequence (general local governments) of being designated as a prime sponsor, it is necessary that manpower councils be established. Where the state acts as prime sponsor for an area which has no local government prime sponsors, the Governor establishes a planning council for the balance-of-state area. Membership of a state Manpower Services Council has to include a representative of the State Board for Vocational Education. The Governor appoints the chairman of a state Manpower Services Council and the statewide representatives of different sectors of the community. The Mayor of the City and County of Honolulu appoints representatives which shall comprise one-third of the total MSC membership.

ISSUE/FEATURE	P.L. 93-203	STAFF COMMENTS
Functions of Councils	Each prime sponsor council shall: • "submit recommendations regarding program plans and basis goals, policies and procedures"; • monitor and provide for objective evaluations of employment training programs; • provide analysis of needs for employment and training in prime sponsorship areas. Functions of the State Manpower Services Council • review plans of each prime sponsor and plans of state agencies for provision of services to such prime sponsors; • make recommendations to prime sponsors and to state agencies for more effective coordination of efforts; • monitor operations of programs conducted by each prime sponsor and make recommendations to prime sponsors, to agencies and to the Governor with respect to ways to improve effectiveness; • make an annual report to the Governor and make other studies to assist prime sponsors.	To obtain funding, state and local government prime sponsors have to establish overall administrative functions which effectively relate and interact with their manpower planning. Prior to the new Act, the staff of the Cooperative Area Manpower Planning System (CAMPS) performed the overall planning function, but the administration and financial control function was the responsibility of the federal government. The new Act requires that the plan must be made public prior to approval by the Secretary, and that a comparison of the actual results in quantitative targets and performance rates in relation to the original approved plan also be made public. Provision should be made for: a comprehensive program activity and financial reporting system for monitoring and evaluation; an overall planning and administrative function which is effectively insulated from the individual operating programs; and a strong linkage between the planning and the implementation of plans.

Recommendations

INTRODUCTION

Reasonably full employment is one of the principal goals of manpower planning, yet the means to achieve it have yet to be devised.[1] We have in previous reports[2] cited the limitations of State policy in reducing unemployment. Most of the tools available to government for directly affecting economic activity and employment are vested in the federal government through fiscal, monetary, and trade policies. In our economic system, however, major decisions affecting employment are exercised by private business and industry. The policies of labor organizations may also have some effect, leaving relatively few options to State government.

Because of these limitations, the State must use those instruments at its command effectively to deal with the problem of unemployment. The State can remove many of the structural causes of unemployment by providing for training for specific occupational skills, encouraging the establishment of jobs in industries which will utilize skills that are now underemployed, or improve job placement efforts by bringing the qualified job seeker together with the job opening.

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[1] It is recognized that some unemployment due to job changing will always be necessary and desirable for a healthy labor market. Thus, strictly speaking, "full employment" is not sought.

[2] See in particular: Commission on Manpower and Full Employment, Welfare and Unemployment in Hawaii, 1972.

To best achieve full employment, a more comprehensive approach to manpower planning must be devised to:

- Maximize the impact of federal and State manpower dollars to meet human resource needs.
- Provide for the development of a sound economic base in the State which will generate adequate employment opportunities for residents.
- Assure beneficial effects of outside investment for the social and economic well-being of residents.

MANPOWER PROGRAMS

Problem

The implications of the Comprehensive Employment and Training Act of 1973 (P.L. 93-203) for State manpower planning and delivery of services pose a major problem to Hawaii. The Act, presented in summary form in the previous section, affords the State Administration a relatively minor role since only about 25 percent of the total manpower funding will go to the State government (for use in the Neighbor Islands). This is contradictory to the State Constitution and the Hawaii Revised Statutes which place responsibility for providing education, welfare, health, employment and other human resource connected services in the State government. The county governments derive their powers from the State and their ability to raise revenues depends on authority granted by the State. The problems of human resources extend beyond county boundaries and cannot solely be handled by county action. While the new Act bypasses the State government in providing the bulk of federal manpower funds to the City and County of Honolulu, the Commission believes that only the State government can provide the necessary leadership to assure that Statewide interests are considered under manpower revenue sharing, and this strong State role should be preserved.

The Commission does not regard a strong State role as intervening between the federal and local levels of government. Rather, it considers the unique centralized structure of Hawaii's government as providing the most efficient mechanism for the delivery of human resources. The State government and the county governments will all share in the benefits of manpower revenue sharing where there is maximum coordination of efforts.

In addition, the State should reexamine its own Manpower Development and Training Act (Chapter 394, Hawaii Revised Statutes) and develop alternative approaches to supplement federally funded programs.

Recommendations

1. To assure that county manpower projects under manpower revenue sharing are compatible with Statewide goals and priorities, legislation should be enacted requiring that all county applications for manpower funds be reviewed by the Office of the Governor and State agencies having programs related to the request. While the decision to grant funds to a county as prime sponsor lies with the federal government, the inherent power of the State to regulate and coordinate the activities of local government should be exercised to provide a comprehensive approach to the use of resources.

   The legislation should provide that:

   A. County governments submit applications for federal manpower funds to the Office of the Governor and to the appropriate State operating agency.

B. The State agency cooperate with the county government to ensure that proposals conform to State planning objectives.

C. The county governments proceed if no State objection is received within a reasonable specified time period.

D. The county governments notify the State of federal grant awards.

E. The county governments account for and report federal manpower funds to the State.

F. No county governments have the authority to expend federal funds received under manpower revenue sharing without having followed the specified review procedures.

2. A single State advisory body of manpower programs and policies should be established which would meet the requirements of both State and federal legislation. The Comprehensive Employment and Training Act (P.L. 93-203) and Chapter 202, Hawaii Revised Statutes, should be reconciled.

3. The State Administration should implement the public service employment portion of Chapter 394, Hawaii Revised Statutes. Chapter 394, H.R.S., authorizes the Department of Labor and Industrial Relations and the Department of Social Services and Housing to carry out a public service employment program to provide jobs in the public sector to identified groups of unemployed persons including welfare recipients. The benefits of the public employment feature were discussed when Act 188, 1971, was passed amending Chapter 394. The need for such a program is more urgent in view of recent court interpretations that allow able-bodied individuals to receive welfare assistance in Hawaii. While legislative authorization under Chapter 394, H.R.S., is adequate, the public employment feature was never implemented due to fiscal constraints. It is expected that under high unemployment conditions, many who would participate in the program would be on welfare if there were no program, so at least a part of the public service employment program's costs could be offset by welfare assistance savings.

DEVELOPING ECONOMIC ALTERNATIVES

Problem

For several years, this Commission has been concerned that the State's economic growth may not be generating enough employment to accommodate the natural growth of Hawaii's permanent residents. We have stressed, however, that the objective of creating more jobs must be based not only on economic considerations, but with full regard to our natural environment and to social and cultural factors.

This is easier said than done. In our eagerness to explore what new industries might be attracted to the State to generate employment opportunities, we may have failed to see how the improvement of what already exists may accomplish the same objective.

The visitor industry today is a central element in the State's economy. It has been successful because the right combination of factors have existed in Hawaii - a natural environment, a multi-ethnic population, and the aloha spirit. If the visitor industry weakens, nothing is readily available to take its place. Given the right policies, there is no reason why the visitor industry cannot develop in a manner which will preserve what is unique in Hawaii and provide good employment opportunities for Hawaii's residents.

While agriculture has been replaced by the visitor industry as the leading industry in this State, it is still an economically viable alternative. Few industries are as compatible with the preservation of our natural environment as is agriculture - an environment it should be noted that also attracts tourists. The objective of State government should be then, not to find an industry to replace agriculture but how to strengthen agriculture so that it will continue to provide employment opportunities.

Both the visitor industry and agriculture have a mutually reinforcing role in preserving Hawaii's beauty and providing employment. Other key industries in the State can be guided to contribute similarly toward better planning for human resources that support a unique Hawaiian quality of life.

Recommendations

1. The State Legislature should adopt the recommendations contained in the Report of the Temporary Visitor Industry Council (November, 1973). If we are to assure a beautiful Hawaii with a sound economic base the time to begin is now.

2. The State government should intensify efforts to preserve agriculture as a major industry in Hawaii. If this is established as a priority for State government, every possible agricultural use should be researched and studied, including measures necessary to prevent or reverse decisions to abandon pineapple cultivation. If present agricultural uses of land are to be discontinued, the land should not be lost to

agriculture but alternative uses of land taken out of pineapple and sugar production should be analyzed by the University's College of Tropical Agriculture in conjunction with the State Department of Agriculture and recommendations for the support of diversified agriculture should be implemented. These efforts should not be limited to the public agencies. The pineapple and sugar industries in particular must be called on to assist in this research effort in cooperation with the State government to ensure a phased development of diversified agriculture and to eliminate any adverse effects of discontinuing plantation operations through the disruption of employment. It should also be a major objective of State government to develop and strengthen transportation and marketing facilities in order to ensure the success of diversified agriculture.

3. The State government should develop a mechanism to coordinate private industry decisions concerning employment with governmental agencies. Due to technological advances or other factors, private industry has often made economic decisions which affect its workers, creating problems for the government and the community, without consulting with governmental agencies or providing them with prior information. The State government is then called upon after the decisions are made to provide needed services at public cost to alleviate the unemployed workers' plight. In some cases, the State government might have exercised some preventive measures to avoid sudden or prolonged unemployment. Between September and December 1973, for example, the construction industry fluctuated between two extremes - an urgent need for carpenters necessitating an announcement for recruitment from the Mainland in September and a situation where more than a thousand workers were threatened with layoffs because of material and other shortages in December. The problem is not unique to the construction industry. The development of a better mechanism for planning with both private and public sector participation should be a priority if employment opportunities are to continue to be provided to residents.

4. The State government should reexamine its current public information programs and take specific measures to develop more realistic information emphasizing the high unemployment and the high cost of housing to prospective residents. The Chamber of Commerce and other private organizations also should be encouraged to revise their information programs.

OUT-OF-STATE INVESTMENT

Problem

With a long history as a capital scarce area, Hawaii greatly benefited in the 1950's and 1960's from out-of-state capital investments primarily from the Mainland, with lesser amounts from Canada and Great Britain. The State's economic growth depends on capital inflow so residents can continue to enjoy a high standard of living since Hawaii has had overall deficits in its balance of payments on current account. For 1971, the deficit amounted to $156 million; 1970, $480 million; and 1969, $173 million. The large deficits of the three years offset earlier smaller net gains, leaving an overall deficit of $396 million for the 20 years from 1952 through 1971. Despite the general benefits derived from out-of-state investment, the recent increase in the level of these investments in Hawaii has become a cause of concern in some circles.

All indications are that investments in Hawaii, particularly Japanese investments, will continue to grow in the immediate future with concentration in the visitor industry and real estate development. Concern is being expressed, however, that Hawaii's needs and preferences should be a part of these economic ventures and that the new investments should place priority in generating jobs for the State's permanent residents before the importation of workers from outside is considered. It should be emphasized that the problems and concerns with regard to out-of-state investments are common to all investors, regardless of origin.

With regard to Japanese investors, the Japanese government has taken these expressions of concern into consideration with the development of its "Guidelines for Investment Activities in Developing Countries". The policy states that overseas investments must be consistent with the principle of contributing to the long-term interest and prosperity of both the investor and the host country, so that the enterprise may be operated on the basis of mutual trust. In the area of employment it is stressed that positive efforts should be made to employ residents and promote the local employees of the enterprise, and necessary efforts should be made to improve the working environment so as to ensure the health and safety of the workers.

It would then appear that foreign investors are increasingly expressing the same concerns as Hawaii residents that good career employment should become available to the resident population through the investments. However, the mechanisms for working towards manpower goals have yet to be developed by new firms created by out-of-state investments in Hawaii, even though favorable policies and hopes for mutually advantageous relations have been expressed by both sides.

Recommendations

1. The State government should collect and monitor all out-of-state investment information on a current basis for economic planning purposes. All information should be coordinated through one agency, such as the Department of Planning and Economic Development.

2. The State government should determine what special criteria out-of-state investors have for their employees and help to promote any needed training to eliminate the necessity of importing labor to staff foreign-owned enterprises. These efforts should be coordinated through the Department of Planning and Economic Development, the Department of Labor and Industrial Relations, and the Commission on Manpower and Full Employment.

3. Regular consultations should be held between State agencies and executives of major out-of-state investors to ensure that the State government's concerns for Hawaii's physical and social environment are presented along with the economic considerations. Such consultations would ensure that public as well as private business goals would be better understood.

Appendices

APPENDIX A

SOURCES AND NOTES FOR STATISTICS

I. ECONOMIC PICTURE IN HAWAII

A. Sources

1. *GENERAL EXCISE AND USE TAX BASE*

   Hawaii State Department of Planning and Economic Development (DPED), Hawaii Economic Review, V. XI, No. 1, Autumn 1973.

2. *GROSS STATE PRODUCT*

   Bank of Hawaii (BOH), Department of Business Research (DBR), Hawaii '73, Annual Economic Review, August 1973.

3. *PERSONAL INCOME*

   First Hawaiian Bank (FHB), Research and Planning Division (RPD), Economic Indicators, Monthly, 1972 and 1973. (Special analysis, July 1973).

4. *PRICE INDEXES*

   U.S. Department of Labor (DOL), Bureau of Labor Statistics (BLS), San Francisco Regional Office (SF), "Consumer Price Index, Pacific Cities and U.S. Average", Monthly, 1972 and 1973.

   FHB, RPD, "Honolulu Construction Cost Index: Economic Indicators Series 194: Single Family; Series 195: High Rise", Revised series, November 1973.

5. *INDEX OF BUSINESS ACTIVITY*

   BOH, DBR, Hawaii '73, August 1973.

   BOH, DBR, Monthly Review, 1972 and 1973.

6. *EARNINGS BY INDUSTRY*

   FHB, RPD, Economic Indicators, July 1973.

7. *VISITOR INDUSTRY*

   BOH, DBR, Hawaii '73, August 1973.

   FHB, RPD, Economic Indicators, November 1973.

8. *CONSTRUCTION*

BOH, DBR, Construction in Hawaii, 1973. May, 1973.

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9. *JAPANESE OWNED FIRMS IN HAWAII*

DPED, Hawaii International Services Agency (HISA), "Japanese Companies in Hawaii", Supplement to Hawaii Overseas, V. 5, No. 1.

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10. *SHORTAGES OF FUEL AND SUPPLIES*

FHB, Hawaii, the Most Vulnerable State in the Nation, March 1973.

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11. *UNCERTAINTIES IN NATIONAL ECONOMIC FORECASTS*

Business Week, November 24, 1973. Feature, "Business Outlook", p. 17.

The American Statistician, October 1973. Department, "Second Quarter 1973 Survey of the Economic Outlook", pp. 146-147.

II. EMPLOYMENT PICTURE IN HAWAII

A. Sources

1. *CURRENT LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*

Department of Labor and Industrial Relations (DLIR), Research and Statistics Office (RSO), "Hawaii-Honolulu Labor Area Summary", Monthly, 1973.

DLIR, RSO, "Labor Force Estimates 1971-1972", May 1973. (Seasonal comparisons with 1969-1970 and 1970-1971.)

2. *RECIPIENTS OF UNEMPLOYMENT INSURANCE*

DLIR, RSO, "Characteristics of the Insured Unemployed, Hawaii", unpublished reports on Form ES-203, Monthly, 1969 - 1973.

3. *TOTAL INDIVIDUALS UNEMPLOYED DURING YEAR*

DLIR, RSO, "Universe of Need for Manpower Services", in State Manpower Planning Council, Comprehensive Manpower Plan, Fiscal Year 1974, State of Hawaii, May 1973, p. A-1.

4. *LABOR FORCE GROWTH, 1960 TO 1970*

U.S. Bureau of the Census, Census of Population: 1970, General Social and Economic Characteristics, Final Report PC(1)-D13 Hawaii.

B. Other Notes

"Summer" represents averages of June, July and August. "School months" are averages of January through May. Annual rates are based on the nine months of January through September.

III. EMPLOYMENT PICTURE BY INDUSTRY

A. Sources

1. *CURRENT LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*

DLIR, RSO, "Hawaii-Honolulu Labor Area Summary", Monthly, 1973.

DLIR, RSO, "Labor Force Estimates 1971-1972", May 1973.

2. *RECIPIENTS OF UNEMPLOYMENT INSURANCE*

DLIR, RSO, "Characteristics of the Insured Unemployed, Hawaii", unpublished reports on Form ES 203, Monthly, 1969 - 1973.

3. *JOB VACANCIES BY OCCUPATION*

DLIR, RSO, "Occupational Employment Trends: Report on Labor Market Conditions for Selected Occupations", 1973 series.

4. *CHARACTERISTICS OF WORKERS (AND PROPORTION OF RETAIL TRADE WORKERS IN EATING AND DRINKING PLACES)*

U.S. Bureau of the Census, Census of Population: 1970, Detailed Characteristics, Final Report PC(1)-D13 Hawaii.

5. *RECRUITMENT OF JOURNEYMEN CRAFTSMEN*

DLIR, RSO, "Hawaii-Honolulu Labor Area Summary", November 1973.

General Contractors Association of Hawaii, "Press Conference on the Manpower Situation Within Hawaii's Construction Industry", October 1973.

6. *LOOKING AHEAD (CONSTRUCTION, AGRICULTURE AND VISITOR INDUSTRY)*

FHB, RPD, Hawaii in 1972 and Beyond, November 1972.

7. *POPULATION*

DPED, Research and Economic Analysis Division, "Provisional Estimates of the Population of Hawaii, 1973", Statistical Report 97, November 1973.

8. *WELFARE RECIPIENTS*

Hawaii State Department of Social Services and Housing, Research and Statistics Office, telephoned fiscal year totals.

B. Other Notes

Time periods are described in II.B. Data included in The Economic Picture and other data from the listed sources have been used in conjunction with employment data to derive manpower implications and projections in analytical sections of Employment by Industry.

APPENDIX B

FY 72-73 SUMMARY OF PROGRAM ACTIVITY BY COUNTY[1]

During FY 72-73, manpower programs funded by the U.S. Department of Labor, Manpower Administration (some of which are supplemented with State and/or other federal funds), provided manpower services such as intake assessment, employment counseling, referral to training, job development, and job placement primarily for the unemployed. Training services, excluding regular institutionalized education such as vocational-technical education programs, featured training or subsidized employment as a key characteristic and may or may not have included counseling and placement services. The unemployed were the primary recipients of these services.

HONOLULU

- Manpower Development and Training Act (MDTA) Program provided occupational training and remedial education, counseling, weekly stipends, and job placement services to 347 unemployed, underemployed, and disadvantaged persons who were enrolled in mechanical trades, food preparation, clerical occupation cluster, warehouse checker/cashier and Less-Than-Class (individualized study program) projects. New funding for the county was $671,152.[2]

- Job Opportunities in the Business Sector (JOBS) assisted 178 unemployed and underemployed persons, all of whom must have been disadvantaged, in obtaining permanent employment through contracts with private employers who hire and provide on-the-job training. Funding was $61,000.[2]

- Jobs Optional Program (JOP) provided 112 enrollees with on-the-job occupational skill training in the private sector, priority being given to unemployed and underemployed persons, half of whom must have been disadvantaged. Approximately 50 percent of the total funds allocated for the State ($156,000)[2] was expended in Honolulu County.

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[1] Does not include U.S. Department of Health, Education, and Welfare (HEW), State, and U.S. Department of Housing and Urban Development (HUD)-funded programs, Vocational-Technical Education Programs, Vocational Rehabilitation, State MDT, State Dropout-Work Study Component, Adult Education, and Model Cities Manpower Projects. It also does not include the Job Corps which is a special program run on a Statewide basis, and the State Apprenticeship Training Program.

[2] New federal, State, and "non-federal" funds for FY 72-73 only; does not include carryover funds and therefore does not represent total resources available during the fiscal year.

- Neighborhood Youth Corps In-School (NYC-IS) Program provided 200 disadvantaged youths with work experience training and personal and educational counseling. New funds for the program on Oahu were $93,225.[2]

- Neighborhood Youth Corps Out-School (NYC-OS) provided work experience to 182 disadvantaged youths as painter's aide, printer's aide, recreational aide, road and park trailer aide, teacher's aide, nursery aide, zoo animal-keeper aide clerk, cashier, cook and nurse's aide. The program also offered counseling, remedial education, education, and stipends. New funds totalled $191,222.[2]

- Neighborhood Youth Corps-Summer (NYC-Summer) Program, one segment of which is operated by the City and County of Honolulu and the other by the State Department of Education, provided employment in public and private non-profit agencies for 1,129 disadvantaged youths between the ages of 14 and 18 years. New funds totalled $512,340.[2]

- Operation Mainstream (OM), which assists chronically unemployed adults obtain employment, served 61 persons. New funding was $124,422.[2]

- Concentrated Employment Program of Honolulu (CEP) served 809 disadvantaged residents of Kalihi-Palama and Waianae-Nanakuli, providing them with a comprehensive system of manpower services including outreach, intake, testing, education, training, work experience, job placement and follow-up. Supportive services were supplied as needed. New funding for FY 72-73 was $1,325,556.[2]

- Work Incentive Program (WIN) provided on-the-job and institutional training and work experience to 1,409 welfare recipients in the Aid to Families with Dependent Children (AFDC) program. New funds totalled $881,100.[2]

- Public Employment Program (PEP) provided 1,057 unemployed and underemployed persons, 639 of whom were disadvantaged youths, with essential public service positions. New funding was $3,541,918.[2]

- Public Service Careers (PSC) Program provides on-the-job training with related classroom training in State or local governments to the disadvantaged unemployed or underemployed. State government assisted a total of 139 unemployed and 11 underemployed during the fiscal year. An estimated $94,641 was expended for training. The State's freeze on hiring reduced planned levels of activities. No new resources were allocated as the program will be phased out.

- State Employment Service (ES) provided 75,512 persons with intake, counseling, job and training placement services. Information on funding by county is not available.

HAWAII

- MDTA new resources totalled $246,801[2] and served 195 individuals who were enrolled in waiter/waitress, maid, hotel orientation, food preparation, mechanic trades cluster, clerical occupations cluster, nurse's aide, and Less-Than-Class projects.

- JOBS served 29 persons with carryover funds. No new funds were allocated.

- JOP, which was funded from two accounts, the Regular ($29,000)[2] and the Rural Area Redevelopment ($24,000)[2] grants, served 51 individuals.

- NYC-IS served 39 youths with new resources of $27,775.[2]

- NYC-OS enrollee data was available on a county basis only for the second half of FY 72-73, during which time 32 individuals were served. New funding for the fiscal year was $3,586.[2]

- NYC-Summer program was allocated $152,588[2] to serve 320 persons.

- OM sponsored a regular project that served 46 individuals and a special project (providing income-supplementing part-time jobs for low income workers 55 years of age and over) that served 30 individuals, 20 percent of whom were 70 years and over. The program was funded new monies totalling $99,111.[2]

- PEP served a total of 31 individuals and was funded $156,836.[2]

- PSC assisted a total of four unemployed persons during the year. The State's freeze on hiring as well as limited job opportunities in State government precluded high levels of activity. Based on a Statewide average training cost per person served ($584), an estimated $2,336 was expended. No new resources were allocated as the program will be phased out.

- ES provided manpower services to an estimated 12,600 persons.

MAUI

- MDTA was funded with $3,111[2] and served two individuals.

- JOBS enrolled 39 persons in a Hotel Consortium project. Carryover funds were used as the program did not receive new funds.

- JOP served 18 individuals with $15,000.[2]

- NYC-IS served 48 youths with new resources of $17,775.[2]

- NYC-OS served 18 during the second half of FY 72-73 with new resources of $13,336.[2]

- NYC-Summer Program was allocated $84,406.[2] Funding for the summer 1973 program was frozen, only to be released later in July. To overcome this original freeze, close coordination was established with the PEP program, which made available funds for a summer youth program. Some of these funds were returned to PEP when NYC monies finally were released.

- OM operated as two projects which served 65 persons. New resources for these projects totalled $125,556.[2] One project was phased out at the end of the fiscal year.

- PEP served 11 persons and was funded $125,842.[2]

- PSC assisted two unemployed persons and expended an estimated $1,168 (based on a Statewide average training cost per person served). The State's freeze on hiring as well as limited job opportunities in State government precluded high levels of activity. No new resources were allocated as the program will be phased out.

- ES provided services to an estimated 11,553 individuals.

KAUAI

- MDTA was provided new resources totalling $80,112[2], a major portion which was used to operate a Licensed Practical Nurse (LPN) project. During FY 72-73, there were 37 participants in the LPN projects and six in the Less-Than-Class sub-projects.

- JOBS served 20 persons through a contract with the Hotel Consortium with carryover funds of $27,900 (based on the Statewide cost per completion). The program did not receive new funds for the fiscal year.

- JOP served 11 persons and was funded $11,000.[2]

- NYC-IS assisted 44 youths with new resources of $15,555.[2]

- NYC-Summer had new resources of $56,747[2] to fill 119 slots.

- OM received $24,133[2] in new resources and served 30 persons. The program was subject to phase-out by the end of the fiscal year and is scheduled to receive no funds in FY 73-74.

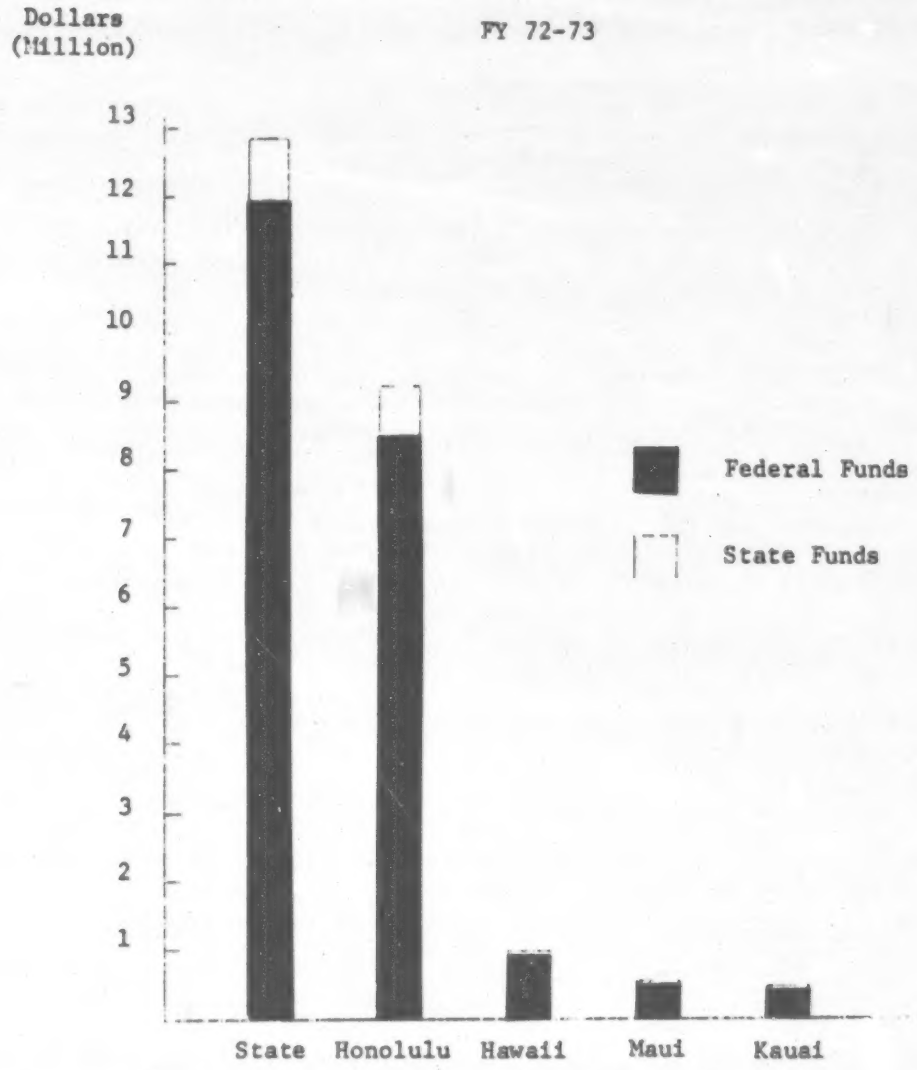
- PEP served 13 individuals and expended $55,177. New resources of $76,403[2] were allocated.

- PSC assisted two unemployed persons and expended an estimated $1,168 (based on a Statewide average training cost per person served). The State's freeze on hiring as well as limited job opportunities in State government precluded high levels of activity. No new resources were allocated as the program will be phased out.

- ES served a total of 6,621 individuals providing counseling services to 274 persons, job placement services to 780, and job training referrals to 42.

FEDERAL* AND STATE FUNDS FOR MANPOWER TRAINING PROGRAMS BY COUNTY

FY 72-73



* New funds; does not include carryover funds.

- Training programs outside of established public educational institutions included in the tabulation are: MDTA (Regular and RAR); Job Opportunities in the Business Sector; Jobs Optional Program (Regular and RAR); NYC-Out School; Operation Mainstream; Work Incentive Program; Concentrated Employment Program; Job Corps; Public Employment Program; NYC-In School; State Dropout-Work Study Component; NYC-Summer; and Vocational Rehabilitation. Funding information for the State Apprenticeship Training Program, whose major cost is underwritten by the private sector, was not available and therefore not included. Also not included are funds for the Vocational-Technical Education programs.

- Some program funds are not used exclusively for training, but may also provide for manpower services employment and/or other support services.

APPENDIX C

RECOMMENDATIONS FROM
THE REPORT OF THE TEMPORARY VISITOR INDUSTRY COUNCIL
(November, 1973)

A. The Future Growth of Tourism in Hawaii

1. There should be developed a ten-year tourism growth policy for presentation to the Legislature. An essential feature would involve provision for annual review. This policy should be related to the following factors:

   a. The number of additional jobs which the visitor industry should generate as its proportion of the total number needed to provide for anticipated local population growth.

   b. The amount of new tax revenue which the visitor industry should produce as its share of the total new tax revenue needed to finance projected public services.

   c. The "load-bearing" factor of the State, the counties and geographical areas as described.

   d. The desirable geographic dispersion of the visitor population.

   e. The context of projected growth in other segments of the economy.

2. This policy should be developed by the machinery described involving citizens, labor, industry, county governments and the State government.

B. The Kinds of Tourists

1. Further studies should be undertaken as to the kinds or mixes of kinds of visitors most apt to serve the State's objectives.

2. State resources, and hopefully private, should be utilized primarily to attract such visitors.

   a. This could imply a major shift in the function of the Hawaii Visitors Bureau.

3. Until the further studies are completed policy should be based on the findings of Mathematica, Inc.

C. The Need for a Coordinating Agency

1. The Governor should designate a department head, the Lieutenant Governor or an individual to fill a new position to serve as coordinator of the visitor industry.

2. This coordinator should serve as the focal point for those concerned with tourism in the State.

3. He should be given by the Governor the administrative authority to collect the necessary resources of government to address these problems. Hopefully, the private sector also would make resources available to him.

4. He should be advised by a permanent group to be known as the Visitor Industry Council composed of five representatives of the public, three of the industry, three from organized labor, one from each island, the planning directors of the counties, the heads of the following State agencies: Planning and Economic Development, Budget and Finance, the Land Use Commission, Labor and Industrial Relations, Taxation, the Office of Environmental Quality Control and a chairman. In addition special citizen committees might be brought into being to address themselves to particular problems.

   The five representatives of the public, the three from industry, the three from organized labor and the chairman would be named by the Governor, the island representatives would be designated by the mayors and the balance would serve ex officio.

D. Waikiki

1. Waikiki, the area bounded by the sea, Kapahulu Avenue, Ala Wai Boulevard and the Yacht Harbor and the area on Kalakaua from Kapahulu to Diamond Head in addition to the Ala Moana Hotel should be re-planned and re-zoned to limit the number of hotel rooms that can be built in the area to about 26,000 and resident dwelling units to approximately 11,500.

2. That the idea of merely putting a moratorium on building permits be abandoned.

E. The Data Problem

1. As far as Public Law 103 is concerned.

   a. Money should be made available for its implementation.

   b. Either through amendment, or, if feasible, by administrative methods, the new form, where necessary, should be merged with that of Agriculture for Westbound and Mainland travelers.

   c. Either remove the anonymity provision of the law, or find an alternate way of providing names and addresses in order that visitor reaction surveys can be continued and expanded to the additional visitors on whom the new law will permit the gathering of data.

   d. Reconsider optional compliance.

2. The HVB should conduct a new State-wide visitor expenditure study as soon as possible. An effort should be made to find a way sufficiently economical that the study can be repeated annually or at least biennially.

F. Communication

1. The industry should give more attention to telling its story domestically. In order to do this it will have to determine where citizens are lacking in knowledge, and how this best can be remedied. The Council would observe that those in the industry who have in mind selective communication probably are in for a disappointment. Once interested, citizens are going to want to know all of the facts.

2. Agencies of State Government should give more attention to making the results of research comprehensible to other than the expert. In this effort the cooperation of the media should be sought.

3. The University's School of Travel Industry Management should play a larger role in the communication process than it has in the past. This probably means additional personnel, particularly in research.

4. All who are concerned with tourism communication should seek out situations where questions, give and take, and dialogue are possible.

5. Over the next two years the Governor should convene two travel industry congresses.

   a. The first of these should be limited to those organizations outside of Hawaii which have a financial or managerial interest in Hawaii tourism. Invitations should be confined to the top decision makers in these organizations. The purpose of this gathering should be to make certain that the out-of-State participants understand Hawaii's problems, points of view and aspirations, and, in turn, that our citizens understand their difficulties.

   b. The second should be patterned after the Congress of 1970. There should be assembled a group as representative of Hawaii as possible to discuss the state of the industry. The conclusions of the 1970 Congress well could serve as a point of departure.

   c. No one should underestimate the amount of advance staff work necessary to insure the success of these meetings. Without it, results are sure to be disappointing.

6. Organizations which operate not only in Hawaii but elsewhere throughout the world should give consideration to a managerial career service within Hawaii, thus making it less necessary for the manager who has come to understand Hawaii and succeed here to leave in order to receive greater compensation and status.

G. Education, Training and Counseling

1. There should be established a State-wide committee on education, training and counseling for the visitor industry consisting of:

   a. The Executive Secretary of the State Commission on Manpower and Full Employment (Chairman).

   b. The Dean of the School of Travel Industry Management (or his designee).

   c. The Vice President for Community Colleges (or such other title as may be used, or his designee).

   d. The Superintendent of Education (or his designee).

   e. The Dean of Continuing Education.

   f. Representatives of the involved labor unions.

   g. A representative of the Hawaii Hotel Association.

   h. A representative of the Hawaii Restaurant Association.

   i. A representative of the Tourist Conference chosen from a field other than hotels or restaurants.

   j. A representative named by the Mayor of each County.

2. The first task of this Committee should be to conduct a study of projected needs in the industry both as to numbers and kinds and the training necessary where such is needed. A point of departure could be the 1969 report of the Hawaii Hotel Association Education Committee.

3. This study, once completed, should serve as the basis for recommendations to the appropriate bodies as to programs. Attention should be given to such problems as articulation, avoidance of duplication, the geographical availability of programs, the capacity of the industry to provide its own programs, and ample opportunity for training for better jobs for those already employed.

4. This body also should consider the desirability of certification for certain positions.

H. Tourism and Tax Revenues

1. A study of this problem by competent experts in the field of public finance should be conducted.

2. Such a study should be based on strict definitions, and be responsive to the public policy question involved.

3. The Hawaii Hotel Assoication has been promising for a number of years to find a way to report occupancies accurately on Oahu. The Council feels that another one-year period of grace is generous. If the problem has not been solved to the satisfaction of the State Statistician by private action by 1975, legally required reporting subject to public audit should be instituted.

4. Recognizing the difficulties, the Council still would recommend continued experimentation with visitor projections. However, such studies should be published with a careful statement of assumptions and methodology. In view of past experience, such analyses should be accompanied by appropriate caveats.

5. While the Council recognizes the difficulties involved, it still would urge that HVB communicate with those destination areas offering similar visitor attractions with an eye to finding ways to conduct comparative studies of visitor satisfaction. The Caribbean and the South Pacific might well lend themselves to such cooperative research.

6. Some consideration should be given to finding a way to at least make proximate the comparability of the pre- and post-1964 HVB series.

7. The HVB or some other agency should undertake immediately a study of the implications of the condominium problem.

8. The gathering of these data is decentralized. There seems little merit in attempting to centralize the process. However, more coordination would seem desirable. It is recommended that this responsibility be given to the State Statistician. He will need additional assistance to perform this function.

APPENDIX D

REVIEW OF MAJOR ACTIVITIES

COMMISSION ON MANPOWER AND FULL EMPLOYMENT
STATE ADVISORY COUNCIL ON VOCATIONAL AND TECHNICAL EDUCATION

During 1973, the Commission was involved in programs and activities of the various areas of its responsibilities: vocational education, manpower planning, and immigration. These activities included:

- Development of a position paper for Hawaii's Congressional Delegation on "The Impact of Federal Cuts on Hawaii's Manpower Needs".
- Supporting the State Manpower Planning Council in its efforts of comprehensive manpower planning.
- Participating in the activities of the State Vocational Education Coordinating Advisory Council.
- Assisting in the establishment of the Kalihi-Palama Immigrant Center and serving as its sponsoring agency.
- Meeting with and providing services to other governmental agencies and community groups on their manpower planning needs.
- Participating in the Committee on Vocational Education and Community College Policies.

Legislative Activities

As part of its regular activities, the Commission prepared testimony for various legislative committees. During the legislative session, it testified in support of Senate Resolution 113, Senate Draft 1, requesting federal aid and assistance under existing policies and programs, or under new legislation to relieve the State of Hawaii's heavy financial burden caused by the increased influx of immigrants, which was adopted.

STATE ADVISORY COUNCIL ON VOCATIONAL AND TECHNICAL EDUCATION

The State Advisory Council on Vocational and Technical Education was established in May 1969 in accordance with Public Law 90-576. In the following year, the State Legislature through Act 170, Session Laws of Hawaii 1970, designated the existing Commission on Manpower and Full Employment to serve concurrently as the State Advisory Council, and it has performed both functions since July 1, 1970.

Annual Evaluation Report

The primary function of the Council is to evaluate the State's total vocational education effort and to publish and distribute the results. The Council accomplishes this through the preparation of its annual evaluation report which is submitted through the State Board for Vocational Education (Board of Regents, University of Hawaii) to the United States Commissioner of Education and the National Advisory Council of Vocational Education. The Council also advises the State Director of Vocational Education and the State Board for Vocational Education on the development and administration of the State Plan for Vocational Education. In accordance with Public Law 90-576, the State Plan must be prepared in consultation with the Council. The Council completed its fourth Evaluation Report in January 1974.

Other Activities

- Participated in the activities of Vocational Education Week during February 1973, proclaimed by Governor John A. Burns.
- Participated in the revision of the State Master Plan for Vocational Education.
- Co-sponsored a public hearing where the general public and other interested parties were invited to speak on the State Plan for the Administration of Vocational Education held in Honolulu in May 1973.
- Participated in the planning and evaluation of the Conference on the Disadvantaged and Handicapped and the Workshop on Cooperative Vocational Education.
- Prepared a Resource Handbook on the Disadvantaged and Handicapped.
- Conducted, in cooperation with the Department of Education and Community College System, a survey of business and labor participation in educational advisory committees.
- Conducted campus visitations to meet with administrators and faculty of each of the seven Community Colleges and selected high schools offering vocational education programs.

STATE IMMIGRATION SERVICE CENTER

Since July 1, 1970, the State Commission on Manpower and Full Employment has administered the State Immigration Service Center, a project established through a legislative appropriation which has continued annually. The Center's office is located at 567 S. King Street, where three professionals provide referral, information, research, planning and other support services for immigrants. The purpose of the Center is to deal with the problems of immigrants as they arrive and to minimize the difficulties of adjustment both for the immigrants and the communities in which they settle.

Major activities of the Center during 1973 included:

1. Development of the Kalihi-Palama Immigration Service Center and Law Enforcement Assistance Agency (LEAA) proposals.

2. Providing a volunteer service for work with Vietnamese immigrants.

3. Sponsoring a study of Japanese newcomers through the University's Educational Foundations program.

4. Promoting cooperative services provided by other private and public agencies in areas of Oahu and in all other counties.

Details of the activities, findings, and recommendations of the State Immigration Service Center are issued under separate cover in its 1973 Report of Immigrant Services and Problems.

STATE MANPOWER PLANNING COUNCIL
(SMPC)

The State Manpower Planning Council was established on September 23, 1971 to replace the State Manpower Coordinating Committee. The Council functions as a planning body pursuant to federal requirements and provides for broad community representation and acts to coordinate and make the best use of State and federally-funded manpower resources. Its responsibilities include: (1) advising the Governor; (2) identifying manpower requirements and the needs for manpower services; (3) reviewing and assessing the effectiveness of programs in meeting manpower needs; and (4) developing a manpower plan for the State. The Council's staff (CAMPS Secretariat) is housed for administrative purposes under the Commission.

Area Manpower Planning Boards (AMPBs)

AMPBs were established in the Counties of Hawaii and Kauai to serve as geographical sub-units of the SMPC. The SMPC provides staff services to each AMPB to assist in identifying and analyzing county manpower needs and for preparing the county manpower plan.

Program Review and Evaluation

Based on program activity and financial reports, quarterly (informal) and semi-annual (formal) reviews are made of each program's achievements relative to planned performance. Where serious problems are identified, more in-depth evaluations are made.

State Comprehensive Manpower Plan FY-74

The State Comprehensive Manpower Plan, following federal guidelines, was prepared and submitted to the Regional Manpower Coordinating Council in May 1973.